



Dear Madam Chair,

www.capfund.net

Contact us at any of our locations:
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The Great Lakes Capital Fund has been making community investments in this State and across the Great Lakes region for over 15 years. In that time, we've deployed over \$1.5 billion of institutional equity into low income communities primarily in Michigan. In addition, we've leveraged that equity to provide tens of millions of dollars of permanent financing as well as providing start-up capital and repayable grants to housing developers across the region. Our investments in community development also include over \$2.3 million in grants made to non-profits and civic organizations primarily in Michigan.

I write to you to express our support for the package of bills currently in your committee commonly known as the Michigan New Markets Tax Credit (HB 4175-78). This package of bills represents an important piece of legislation designed to encourage and leverage investments made in low-income communities around our State. Currently, our organization is putting the final touches on our application for the Federal New Markets Tax Credits (FNMTC). If successful, we expect to receive an award of \$125 million sometime in October of 2009. The U.S. Department of Treasury's internal estimates show that for every \$.25 of tax revenue lost results in \$3.25 invested at the project level. Those figures translate into a ratio of 13/1. In our experience, that level of productivity is unmatched and provides a compelling reason for Michigan to make an investment in this program.

The community impacts of this program also provide support for this package of bills. Since inception (2002), the Federal Treasury Department estimates the FNMTC program has created 66,608 construction jobs and 25,600 permanent jobs. Unfortunately, Michigan has not shared equally in the benefits provided by this program. We believe one of the primary reasons for this disparity is the perceived risk associated with investing in Michigan. We have experienced this perception first hand as we try to raise equity for our affordable housing funds. In any given year, we typically raise \$150 to \$200 million of investment dollars. This year we expect to raise only \$50 to \$70 million. Obviously, the downturn in the financial sector can explain some of this reduction. However, time and time again we hear that Michigan is in a downward spiral and not an attractive place for institutional investors. We believe this package of bills can help to entice those investment dollars back into Michigan and change the perception of our state in the investment community. We sincerely hope you and your committee will support this important legislation.

Regards,

Aaron Seybert
Great Lakes Capital Fund